11/13/86 S6615-2

OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
OCTOBER 1986

SEPTEMBER INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)
Sept. 1986	9.0
Aug. 1986	9.3
Sept. 1985	8.9
U.S.	
Sept. 1986	7.0
Aug. 1986	6.8
Sept. 1985	7.1

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100
Sept. 1986	112.4
Aug. 1986	112.5
July 1986	111.9
June 1986	112.2
May 1986	112.1

DIFFUSION INDEX

Oregon	
Sept. 1986	49.6
Aug. 1986	49.6
July 1986	43.0
June 1986	47.7
May 1986	48.4

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
Aug. 1986	38.7
July 1986	37.9
Aug. 1985	38.6

CONSUMER PRICE INDEX (CPI)
1967=100
ALL URBAN CONSUMERS

Portland MSA	
Sept.1986	318.0
Yearly Change	+ 1.0%
U.S.	
Sept. 1986	330.2
Yearly Change	+ 1.8%

Portland Hotline 221-4132

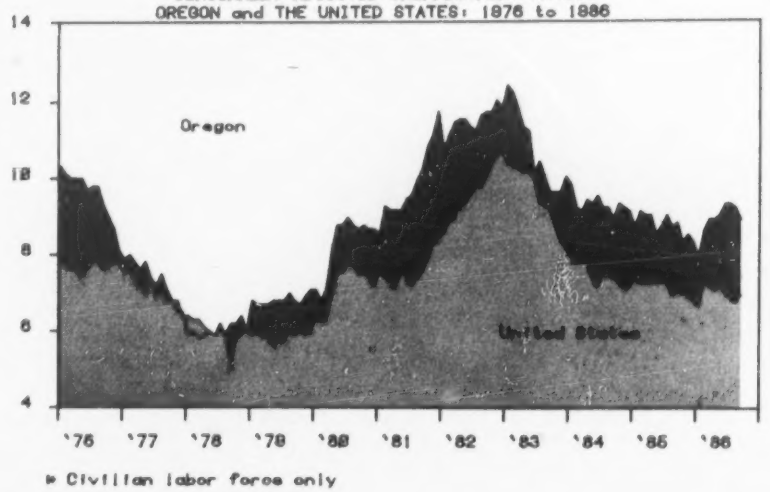
UNEMPLOYMENT RATE DROPS TO 9.0%

Arthur Ayre

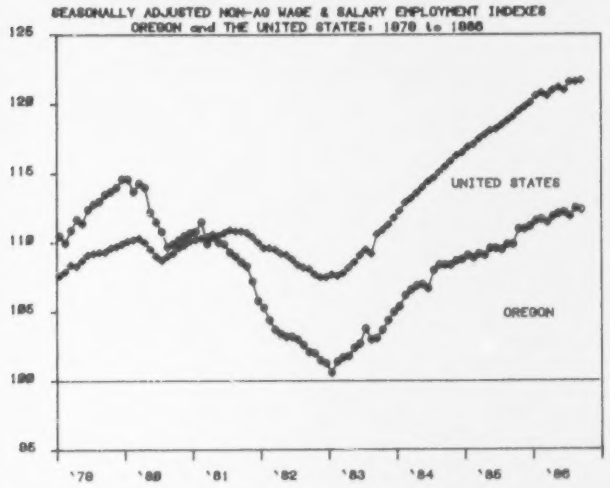
Oregon's seasonally adjusted unemployment rate fell from August's 9.3% to 9.0% in September. The improvement came as a result of a 20,100 increase in total employment and a 7,900 drop in total unemployment. In contrast, the national seasonally adjusted unemployment rate, which has been declining unevenly for several years, rose from August's 6.8% to 7.0% in September. Unemployment in the U.S. rose by 60,000 and employment sagged by 1,286,000 last month. Tourism aided Oregon's nonmanufacturing employment, while manufacturing employment remained in the doldrums despite a weaker dollar. These factors are discussed later in this article.

The big growth in Oregon's employment over the month was due to the opening of primary and secondary schools. State educational employment rose 200 while local education added 12,600 employes. Combined with the gains and losses of several other industries, the increases in educational employment pushed nonmanufacturing wage and salary employment up 12,000 in September to 863,300, just 800 below June's all-time high. Several nonmanufacturing industries, including hotels, auto repair, private education, and hospitals, posted all-time highs for September employment. Several others, including trucking and warehousing, health services other than hospitals, and restaurants and bars, reached all-time high levels for any month.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only



The reader may have noticed that several of the industries posting historically high levels of employment are influenced by tourism. Indeed, September 1986 set a record for visitors to the State's six border information centers. The centers greeted 35% more visitors than in September 1985 and 21% more than the previous September record high in 1983. According to the Economic Development Department's Tourism Division, almost 25% of those visitors were traveling to or from Expo '86. Centers located along Route 101 and I-5 saw the greatest gains in numbers of visitors in September, while I-84 centers showed strong gains earlier in the summer. The Tourism Division's survey suggests that visitors traveling to or from Expo '86 spent, on average, just under four days in Oregon.

Focusing on the nonmanufacturing industries themselves, we find that construction added 100 jobs in September instead of its normal loss of about 200; it now stands 1,100 jobs above last September's employment. General building contractors -- those involved in residential construction -- recorded their highest September employment since 1980. Within transportation, railroad employment is continuing its slow decline, while trucking and warehousing is experiencing record high employment. The return of school buses to the roads helped boost other transportation employment by 400.

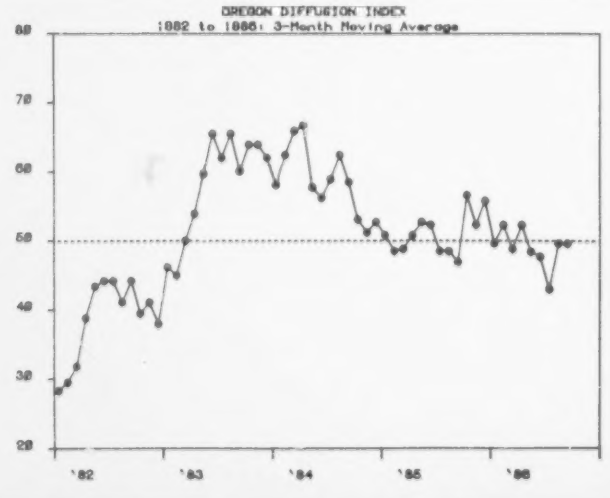
Trade followed a generally normal pattern for September. Growth by produce distributors helped push up employment in nondurable goods wholesaling by 1,100. Retail trade gained 600 employes in September, with growth concentrated in service station employment (+200). Finance, insurance, and real estate employment declined by 600 in September with the normal seasonal slowing in real estate.

Services' gain of 500 jobs was 1,100 below the seasonally expected increase, due to weakness in business services (-900). Nevertheless, health services employment (+400) set a new high, and services as a whole employed 12,600 more than a year ago (+5.8%). And in government, the extinguishing of Oregon's forest fires ended about 1,500 firefighting jobs, which helped push federal government employment down by 2000. The large September increase in local education, mentioned above, precedes sizeable gains in employment in community and State colleges, which begin classes later than primary and secondary schools. October's statistics will reflect this growth in community and State college employment.

While the news from the nonmanufacturing sector remains fairly upbeat, many manufacturing industries continue to exhibit the weakness in employment that began as long ago as 1980. Total manufacturing employment declined by 700 in September and now stands 2,000 below last year's level. Most of this annual drop occurred in durable goods, especially in instruments and related products (at its lowest level since early 1976), and in machinery manufacturing (which includes electronic calculators & computing equipment - at its lowest level since May 1980). Fabricated metals, primary metals, and electrical equipment & supplies also suffered substantial employment losses over the year.

Two bright spots within durable goods manufacturing were lumber and wood products (+900 in September) and transportation equipment (+600). The gain in lumber and wood products employment came with the recent union contract settlements and return to work of most of the workers involved in labor-management disputes. A few hundred workers remained on strike in September, but are expected to be back at work in October. Overall, lumber and wood products employment now stands 900 above last September's level. (On October 16, the U.S. Department of Commerce decided to impose a 15% tariff on Canadian lumber imports. The effect of this tariff on lumber and wood employment will undoubtedly be reported in upcoming issues of the Trends.) Transportation equipment manufacturing also showed monthly and annual gains in September, due in part to marine repair contracts.

Nondurable goods employment followed seasonal patterns, with food and kindred products losing 900 employes and the other nondurable goods industries showing little employment change. However, one industry to notice is printing and publishing, which grew by 500 jobs over the year. The component of this industry which excludes newspapers is at its highest employment ever.

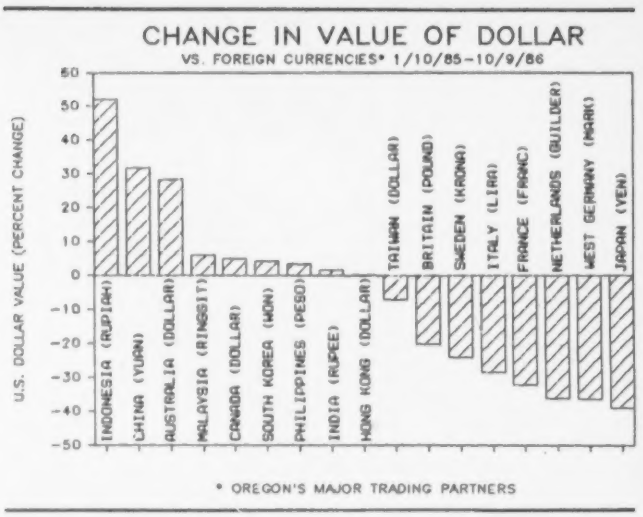


Beginning in early 1985, the Federal government attempted to reduce the value of the dollar relative to foreign currencies and thereby make American goods more competitive overseas. The change in value was expected to improve exports of both manufactured goods and commodities. Recent news articles in the press have publicized a recalculation of the Federal Reserve Board's estimate of the decline in the value of the dollar. Revised estimates by Manufacturer's Hanover economists reportedly peg the dollar's decline in value at between 4% and 5% since early 1985, rather than the 30% or more estimated by the Fed. The revision weights the dollar's value based on U.S. trade rather than world trade, and includes the currencies of a broader range of countries. The remarkable difference in the estimate of the dollar's loss in value might well lead one to gasp, "That's why our balance of trade hasn't improved!" Arguments over trade barriers notwithstanding, the revised estimate certainly does help explain the Nation's abysmal imbalance of trade. Oregon, however, is not in the same boat (perhaps not even the same ocean) as the rest of the Nation, because most of Oregon's foreign trade is with a country whose currency has strengthened dramatically.

About 60% of Oregon's total trade (both imports and exports, as reported by the U.S. Department of Commerce) is conducted with Japan, a country which took part in the concerted effort to lower the lofty value of the dollar. Between January 10, 1985 and October 9, 1986, the dollar's value fell about 39% against the yen. Theory has it that this change makes Japanese goods more expensive (thus less competitive) in the United States and makes our products cheaper and therefore more competitive in Japan. The end result of this change should be stronger manufacturing employment and a boost to the general economy in the United States (and naturally the opposite effect in Japan).

Since such a large part of Oregon's trade is with Japan, reason dictates that our State's economy and employment should experience a disproportionate improvement as the dollar's value declines against the yen. The fact that this improvement has eluded those industries which should benefit most by a drop in the dollar's value -- those manufacturing industries that can export a tangible product -- leads one to conclude that there are other factors involved. Among these factors, we can expect to find regulatory and economic trade barriers, worldwide gluts of some products, the working out of over-expansion following an industry boom period, and genuine differences in costs of production (due to the abundance of cheap labor, lax or nonexistent environmental laws, less stringent worker's compensation or protective regulations, etc.). Another factor, which is noted in the 1985 Economic Report of The President, is the relatively weaker growth in foreign countries than in the U.S., resulting in poor overseas markets for our products and strong domestic consumption of both U.S. and foreign goods.

Compounding these factors which militate against greater employment in Oregon is the fact that the dollar's value has actually increased against the currencies of several of our trading



partners. For example, over the past 22 months, the dollar has gained value against the Chinese yuan (+32%), the Australian dollar (+28%), the Canadian dollar (+5%), the South Korean won (+4%), and the Philippines peso (+3%). While 62.3% of Oregon's softwood log exports were shipped to Japan in 1985, another 34.2% were shipped to China (according to the Western Wood Products Association), where a stronger dollar and weaker yuan can be expected to make American logs more expensive. At the same time, goods made in China, such as clothing, should now be cheaper for us to import, thus adding to our trade deficit.

In summary, increased tourism can be credited with creating some of the nonmanufacturing sector's employment gains, while a complex potpourri of factors continues to bedevil many of Oregon's manufacturing industries. □

LMI DIRECTORY NOW AVAILABLE

What phone number should you call when you need occupational wage information? Which publication would you request for an economic analysis of a local area? Who is your local labor economist and what information and services are available through this person? The updated Labor Market Information (LMI) Directory answers these questions and more.

The LMI Directory includes sections covering: LMI services, descriptions of publications; a table cross-referencing subjects and publications; whom to call for specific labor market information; where to contact your local labor economist; other published sources of related information; publications available through the Economic Development Department; and the addresses and phone numbers of local Employment Division offices.

You may request a copy of the updated LMI Directory, at no charge, by contacting Research and Statistics at 378-8657 or by writing to:

Oregon Employment Division
Research & Statistics - Room 207
875 Union St NE
Salem OR 97311 □

HOURS & EARNINGS

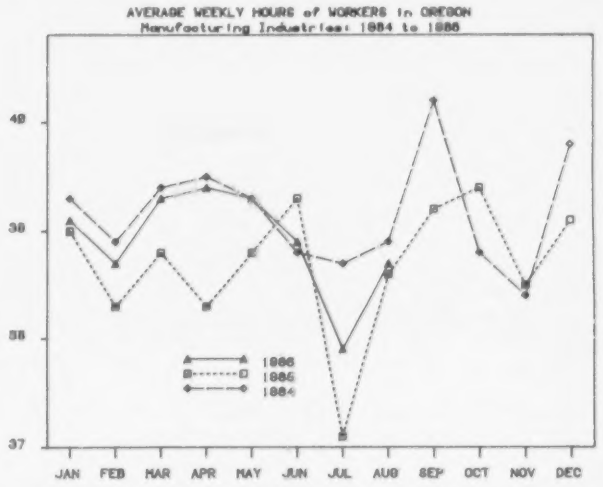
David Cooke

Looking at the accompanying graph of average weekly hours for manufacturing workers, the most notable anomaly is the dip during July. The average hours worked by production workers dropped from 38.9 in June to 37.9 in July, then rebounded to 38.7 in August. This fluctuation closely follows a similar pattern that was evident in 1985.

One cause of the July drop in hours was the effect of labor-management disputes in lumber and wood products. Fewer days were worked due to these disputes, and therefore, fewer hours were recorded. Another reason for the drop was the increased proportion of canning and preserving workers in the labor force. When more people are hired in this industry, which averages about 35 hours per week, the total manufacturing average hours per week falls.

Another trend in this year's data is a steady decline from May to August in average manufacturing hourly earnings. While this is partly due to seasonality, it also reflects labor-management disputes in lumber and wood products and negotiated wage reductions. Hourly earnings in logging and sawmills averaged $11.34, a decrease of 34¢ from the previous month and 56¢ from one year ago. It was also the lowest level since May, 1982.

A notable exception to the decline in manufacturing average hourly earnings was printing and publishing. Several commercial printing firms helped boost this industry's average earnings by 69¢ an hour over the month.□



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Aug. 2/ 1986	July 3/ 1986	Aug. 1985	Aug. 2/ 1986	July 3/ 1986	Aug. 1985	Aug. 2/ 1986	July 3/ 1986	Aug. 1985
TOTAL MANUFACTURING 4/	$399.38	$399.47	$395.65	38.7	37.9	38.6	$10.32	$10.54	$10.25
Durable Goods	412.62	408.87	415.52	39.0	38.5	39.2	10.58	10.62	10.60
Lumber & Wood Products	417.98	411.92	428.29	39.1	38.0	38.9	10.69	10.84	11.01
Logging & Sawmills	437.72	446.18	451.01	38.6	38.2	37.9	11.34	11.68	11.90
Veneer & Plywood	417.10	386.77	427.73	39.8	36.8	39.9	10.48	10.51	10.72
Millwork & Struct Wood	355.02	348.66	353.33	39.8	39.0	40.8	8.92	8.94	8.66
Mobile Homes	328.90	313.85	309.59	38.2	36.2	36.9	8.61	8.67	8.39
Other Wood Products	415.35	409.93	445.94	39.0	38.6	40.8	10.65	10.62	10.93
Furniture & Fixtures	302.64	310.47	304.67	38.9	39.3	37.2	7.78	7.90	8.19
Primary Metals	455.81	454.21	499.28	38.4	37.6	40.2	11.87	12.08	12.42
Fabricated Metals	391.20	396.61	384.55	40.0	39.9	39.2	9.78	9.94	9.81
Machinery	429.73	415.87	412.78	38.3	38.4	39.2	11.22	10.83	10.53
Nondurable Goods	370.16	376.38	349.31	38.2	36.4	37.2	9.69	10.34	9.39
Food & Kindred Products	298.37	301.40	277.70	38.4	35.5	36.3	7.77	8.49	7.65
Canning & Preserving	254.51	251.16	231.62	38.1	34.5	35.2	6.68	7.28	6.58
Other Food Products	418.03	400.13	407.40	39.4	37.5	39.4	10.61	10.67	10.34
Textile Mill Products	217.43	218.35	210.79	34.9	33.8	33.3	6.23	6.46	6.33
Apparel	195.31	162.43	215.39	33.5	28.2	38.6	5.83	5.76	5.58
Paper & Allied Products	610.47	626.13	594.14	39.9	40.5	40.5	15.30	15.46	14.67
Printing & Publishing	449.65	403.48	397.95	37.1	35.3	35.0	12.12	11.43	11.37
Construction 4/	491.99	479.00	509.01	37.3	35.8	37.1	13.19	13.38	13.72
Communications & Utilities 5/	507.53	499.32	490.86	40.7	40.3	40.5	12.47	12.39	12.12
Trade 5/	288.01	287.53	289.00	34.7	34.6	34.0	8.30	8.31	8.50
Wholesale Trade	378.97	380.25	395.52	37.3	37.5	38.2	10.16	10.14	10.38
Retail Trade	243.82	243.36	239.15	33.4	33.2	32.1	7.30	7.33	7.45
Banking & Insurance	301.18	302.75	281.33						
State & Local Government	374.80	375.52	365.75						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

RESIDENT OREGON LABOR FORCE

	SEPT. 1986 1/	AUG. 1986 2/	CHANGE	% CHANGE	SEPT. 1985 5/
CIVILIAN LABOR FORCE 3/	1,389,100	1,376,900	12,200	0.9	1,333,200
UNEMPLOYMENT	106,300	114,200	- 7,900	- 6.9	100,000
PERCENT OF LABOR FORCE	7.7	8.3	XXX	XXX	7.5
SEASONALLY ADJUSTED PERCENT	9.0	9.3	XXX	XXX	8.9
TOTAL EMPLOYMENT 4/	1,282,800	1,262,700	20,100	1.6	1,233,200

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	SEPT. 1986 1/	AUG. 1986 2/	SEPT. 1985	CHANGE FROM AUG. 1986	CHANGE FROM SEPT. 1985
TOTAL 3/	1,069,900	1,058,600	1,047,200	11,300	22,700
WAGE & SALARY EMPLOYMENT INDEX 4/	112.4	112.5	109.9	XXX	XXX
DIFFUSION INDEX 5/	49.6	49.6	46.9	XXX	XXX
TOTAL MANUFACTURING	206,600	207,300	208,600	- 700	- 2,000
DURABLE GOODS	145,800	145,600	147,700	200	- 1,900
LUMBER & WOOD PRODUCTS	66,700	65,800	65,800	900	900
LOGGING & SAWMILLS	35,300	35,100	35,100	200	200
VENEER & PLYWOOD	16,900	15,800	16,300	1,100	600
MILLWORK & STRUCTURAL WOOD	9,200	9,500	9,100	- 300	100
MOBILE HOMES	1,600	1,600	1,500	0	100
OTHER WOOD PRODUCTS	3,700	3,800	3,800	- 100	- 100
FURNITURE AND FIXTURES	2,800	2,900	2,800	- 100	0
STONE, CLAY, GLASS & CONCRETE	3,200	3,300	3,200	- 100	0
PRIMARY METALS	8,300	8,600	8,800	- 300	- 500
BLAST FURNACES, IRON & STEEL	5,300	5,500	5,600	- 200	- 300
NONFERROUS METALS	3,000	3,100	3,200	- 100	- 200
FABRICATED METALS	10,900	11,100	11,800	- 200	- 900
FABRICATED STRUCTURAL METALS	5,000	5,200	5,900	- 200	- 900
OTHER FABRICATED METALS	5,900	5,900	5,900	0	0
MACHINERY	14,400	14,700	15,600	- 300	- 1,200
ELECTRICAL EQUIPMENT & SUPPLIES	13,400	13,300	13,900	100	- 500
TRANSPORTATION EQUIPMENT	11,200	10,600	8,800	600	2,400
INSTRUMENTS & RELATED PRODUCTS	12,200	12,600	14,500	- 400	- 2,300
MISCELLANEOUS MANUFACTURING	2,700	2,700	2,500	0	200
NONDURABLE GOODS	60,800	61,700	60,900	- 900	- 100
FOOD & KINDRED PRODUCTS	29,500	30,400	30,000	- 900	- 500
CANNING & PRESERVING	19,100	19,900	19,400	- 800	- 300
OTHER FOOD PRODUCTS	10,400	10,500	10,600	- 100	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,200	2,100	2,400	100	- 200
PAPER & ALLIED PRODUCTS	9,400	9,400	9,500	0	- 100
PRINTING & PUBLISHING	12,000	11,900	11,500	100	500
CHEMICALS & ALLIED PRODUCTS	2,000	2,100	1,900	- 100	100
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,200	3,200	3,100	0	100
LEATHER PRODUCTS	500	600	500	- 100	0

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	SEPT. 1986	AUG. 1986	SEPT. 1985	CHANGE FROM AUG. 1986	CHANGE FROM SEPT. 1985
(CONT.)					
TOTAL NONMANUFACTURING	863,300	851,300	838,600	12,000	24,700
MINING & QUARRYING	1,900	1,800	1,900	100	0
CONSTRUCTION	36,300	36,200	35,200	100	1,100
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	59,300	58,500	59,300	800	0
TRANSPORTATION	38,000	37,100	37,200	900	800
RAILROAD	4,600	4,600	5,000	0	- 400
TRUCKING & WAREHOUSING	22,000	21,500	20,800	500	1,200
OTHER TRANSPORTATION	11,400	11,000	11,400	400	0
COMMUNICATIONS	12,900	12,900	13,400	0	- 500
UTILITIES	8,400	8,500	8,700	- 100	- 300
TRADE	269,600	267,900	264,900	1,700	4,700
WHOLESALE TRADE	68,600	67,500	68,200	1,100	400
DURABLE GOODS	39,400	39,400	39,600	0	- 200
NONDURABLE GOODS	29,200	28,100	28,600	1,100	600
RETAIL TRADE	201,000	200,400	196,700	600	4,300
GENERAL MERCHANDISE	25,900	25,800	25,000	100	900
FOOD STORES	31,300	31,400	29,700	- 100	1,600
AUTO DEALERS & SERVICE STATIONS	25,300	25,000	25,000	300	300
OTHER RETAIL TRADE	118,500	118,200	117,000	300	1,500
FINANCE, INSURANCE, & REAL ESTATE	71,100	71,700	67,800	- 600	3,300
BANKING & CREDIT AGENCIES	24,000	24,100	23,900	- 100	100
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,100	47,600	43,900	- 500	3,200
SERVICES	231,600	231,100	219,000	500	12,600
HOTELS & PERSONAL SERVICES	26,400	26,600	24,900	- 200	1,500
HEALTH SERVICES	74,600	74,200	70,300	400	4,300
OTHER SERVICES	130,600	130,300	123,800	300	6,800
GOVERNMENT	193,500	184,100	190,500	9,400	3,000
FEDERAL GOVERNMENT	29,000	31,000	29,400	- 2,000	- 400
STATE GOVERNMENT	51,400	51,700	50,500	- 300	900
EDUCATION	18,700	18,500	18,200	200	500
OTHER STATE	32,700	33,200	32,300	- 500	400
LOCAL GOVERNMENT	113,100	101,400	110,600	11,700	2,500
EDUCATION	68,300	55,700	67,500	12,600	800
OTHER LOCAL	44,800	45,700	43,100	- 900	1,700
LABOR-MANAGEMENT DISPUTES	800	2,000	100	- 1,200	700

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

OREGON EMPLOYMENT PROJECTIONS—THE INDUSTRIAL PERSPECTIVE

Dwayne Stevenson

Each year the Employment Division forecasts Oregon's wage and salary employment. This year statewide projections were made for 1992. In addition, local labor market economists made projections for each of 14 districts within Oregon. These are incorporated into the industry-occupation matrices. This month we will look at the industrial perspective. Next month a view of the occupational side will be presented.

Forecasts of wage and salary employment are made by analyzing historical trends and econometric data for each three-digit SIC (Standard Industrial Classification) code. The major exception is agricultural production where the projection includes only employment covered by unemployment insurance, rather than all wage and salary workers. The projections are made from one point in the business cycle, but discount the cycle's influence in the future by following what is called the secular trend. This provides us with employment data which reflect an average of the probable economic scenarios for the projection year. Finally, the projections are reviewed by Employment Division economists and analysts who take into account their own knowledge of industrial and economic trends as well as forecasts made by the Bonneville Power Administration and the Oregon Executive Department. An accompanying table shows employment estimates by industry for both 1979 and 1984 as well as the 1992 projections.

When looking at employment forecasts, many wish to know which industries have the highest or fastest growth, or the largest or quickest decline. While this information may be headline material, it is often quite misleading. What at first appears to be growth may, upon further analysis, be recovery or decline. And what appears to be decline may, from another perspective, be the improving health of an industry. Specific instances will be seen in the industrial analyses later. First, though, we will look at some regional employment trends in Oregon.

TOTAL WAGE & SALARY EMPLOYMENT BY DISTRICT

District*	1984	1992 (Proj.)	% Change
1	36,029	39,022	8.3%
2	495,718	561,700	13.3%
3	106,159	119,023	12.1%
4	54,718	58,714	7.3%
5	97,370	109,567	12.5%
6	30,320	33,354	10.0%
7	22,785	24,099	5.8%
8	59,557	66,994	12.5%
9	14,540	15,273	5.0%
10	29,521	34,274	16.1%
11	21,173	22,691	7.2%
12	25,964	27,400	5.5%
13	13,996	14,985	7.1%
14	11,719	12,884	9.9%

*Governor's Administrative Districts

Growth rates for the 14 districts range from about 5% to over 16%. With the State average at just under 12%, only Central Oregon and the four metropolitan areas of Portland, Salem, Eugene, and Medford are projected to grow faster. At the low end are the economies of the south coast and north central Oregon. These areas of the State rely heavily on natural resources. However, improvements in Columbia River navigation, a strengthening of the competitive position of Coos Bay's port, and the reopening of a smelter here and a sawmill there may brighten the outlook in these regions. Overall, jobs are expected to be created more rapidly and in larger numbers in the urban areas of the State than in the more rural regions. More detailed information is available from the Employment Division's area labor market economists.

Turning now to statewide industry trends, we can see from the accompanying table that 1984-92 growth rates in both durable and nondurable manufacturing are similar. This might lead one to think that all manufacturing industries are headed in the same direction. A closer look, however, reveals that there is great diversity among individual industries, including quite different employment trends. While nondurable goods manufacturing barely changes from 1979 to 1992, the 12% employment decline in durable goods reflects some real economic shifts.

The decline in lumber and wood products has probably been the most publicized in the last few years. While it is true that about 15,000 jobs have been lost since 1979, this industry's production levels are currently as high as they have ever been. Industry experts knew in the late 1970s that many mills were facing obsolescence within a decade. The sharp recession compressed those shutdowns into two or three years. In addition, strong competition from both the southern U.S. and Canada has forced remaining mills to be more efficient. Many have used a combination of retooling and wage cuts to survive.

Veneer and plywood mills may face further cutbacks in the future if plywood cannot maintain its differentiation from other panel products. Demand for substitute paneling has grown substantially in recent years. While that alone would not be bad news for Oregon, the fact is that they are being made elsewhere from a variety of wood chips. However, with the maintenance of our large forest resource base and further improvements in mill productivity, Oregon should increase its share of total lumber and wood production over time. As a result, our lumber and wood products industry should emerge from this retrenchment both stronger and healthier.

Commodity price deflation, which has affected timber, has impacted metals to an even greater degree. Recent on-again off-again activity in both aluminum and nickel smelting are a result. The bright spot in primary metals is titanium and steel casting for defense contracts. The key to remaining

OREGON EMPLOYMENT BY INDUSTRY

	1979	1984	1992 (proj.)	% Change 1979-1992	% Change 1984-1992
TOTAL WAGE & SALARY EMPLOYMENT	1,072,900	1,026,171	1,148,082	7.0%	11.8%
MANUFACTURING	228,500	201,001	207,561	-9.2%	3.3%
Durable Goods	171,800	146,523	151,290	-11.9%	3.3%
Lumber & Wood Products	81,200	66,572	62,300	-23.3%	-6.4%
Furniture & Fixtures	2,900	2,633	2,630	-9.3%	-0.1%
Stone, Clay, Glass & Concrete Prod.	4,400	2,912	3,200	-27.3%	9.9%
Primary Metals	11,100	9,047	8,645	-22.1%	-4.4%
Fabricated Metal Products	13,700	10,454	11,930	-12.9%	14.1%
Machinery, except Electrical	17,300	15,623	18,250	5.5%	16.8%
Electrical Equipment & Supplies	8,600	13,869	15,650	82.0%	12.8%
Transportation Equipment	12,200	8,461	10,840	-11.2%	28.1%
Instruments & Related Products	18,200	14,358	14,705	-19.2%	2.4%
Misc. Manufacturing Industries	2,200	2,594	3,140	42.7%	21.1%
Nondurable Goods	56,700	54,478	56,271	-0.8%	3.3%
Food & Kindred Products	25,200	24,058	23,750	-5.8%	-1.3%
Textile Mill Products	2,200	1,721	1,545	-29.8%	-10.2%
Apparel	3,500	2,819	2,555	-27.0%	-9.4%
Paper & Allied Products	9,800	9,013	9,100	-7.1%	1.0%
Printing & Publishing	10,000	11,006	12,910	29.1%	17.3%
Chemicals & Allied Products	2,400	2,120	2,210	-7.9%	4.3%
Petroleum Refining	700	481	330	-52.9%	-31.4%
Rubber & Plastic Products	2,600	2,809	3,411	31.2%	21.4%
Leather Products	300	451	460	53.3%	2.0%
NONMANUFACTURING	844,400	825,170	940,521	11.4%	14.0%
Agriculture, Forestry & Fishing	16,700	22,404	21,845	30.8%	-2.5%
Mining	2,400	1,602	1,368	-43.0%	-14.6%
Construction	53,000	30,012	38,000	-28.3%	26.6%
Transportation	36,000	34,086	39,175	8.8%	14.9%
Communication	15,800	14,165	15,360	-2.8%	8.4%
Utilities	8,200	8,606	8,530	4.0%	-0.9%
Wholesale Trade	67,000	64,764	76,200	13.7%	17.7%
Retail Trade	189,800	188,417	214,710	13.1%	14.0%
Finance, Insurance & Real Estate	69,100	65,974	72,060	4.3%	9.2%
Services	185,700	201,700	242,354	30.5%	20.2%
Government	200,700	193,440	210,919	5.1%	9.0%

successful will be the ability of these firms to transfer their technology to other kinds of projects when defense spending declines.

Producers of fabricated metal products have experienced the boom-and-bust cycle in two different areas. Manufacturers of saws have experienced swings in employment in response to demand from lumber and wood products. More recently, the fabrication of oil drilling modules for Alaska's North Slope has presented several Oregon communities with even more dramatic increases and declines in employment. While module construction is now curtailed due to low oil prices, it has given exposure to Oregon's ports.

Though several machinery firms have been successful in exporting specialty products, most attention in this industry has been devoted to office and computing machines. This 'high tech' industry has experienced strong gains over the past decade. The focus of Oregon's manufacturers on leading edge and systems technology, rather than low-end mass production, bodes well for their future.

Another industry which is considered 'high tech' is electrical and electronic equipment. Circuit board, microchip, and fiber optic cable manufacturing capacity will expand as more firms open plants in Oregon. Employment will also continue to grow but at a much slower pace than it has. Instruments and related products has experienced a steady decline in a period when most 'high tech' industries have encountered strong growth. Industrial spinoffs will probably mitigate any further declines in this industry.

Transportation equipment has several components that often go in different directions at the same time. The shipyards in Portland face strong competition for repair and overhaul contracts. However, with recent access to Navy jobs, their future looks considerably brighter. Demand for recreational vehicles has boosted employment levels for motor vehicles and equipment, and new products have improved the outlook in railroad equipment. Overall, the projected employment increase in these industries still does not counter the decline in aircraft and parts employment since 1979. However, this new mix should tend to provide more stable employment levels in the long run.

In nondurable goods, long-term employment declines for food and kindred products reflect high transportation costs to major U.S. markets. These losses have slowed as manufacturers rely more on frozen food and specialty markets, especially those in the Pacific Rim. In addition, jobs are becoming less seasonal as many canneries switch to freeze-repack production.

Paper and allied products has probably been one of the most reliable pillars of local economies. Its well-paying jobs, which are more resistant to the business cycle, are highly sought. However, not all plants which became outdated were retooled and reopened.

Printing and publishing has grown 10% from 1979 to 1984. The main cause has been use of print shops as a business service. Employment in commercial printing has grown by 20% since 1979. Technology may soon replace these printshops with computer-related print capabilities. If so, growth in this sector could be quickly curtailed.

Over 90 percent of the job growth between 1984-1992 is expected to come in nonmanufacturing industries. Not all sectors, however, will share in this growth. Mining, for example, is projected to decline, although there is a wild card. Gold mining may yet take off in south central and northeastern Oregon. Current gold recovery techniques in use in Nevada may make production feasible here. If not, the outlook for mining is bleak, especially with the recent shutdown of the only nickel mine in the U.S.

Construction employment, which peaked at 53,000 in 1979 and bottomed out at 27,000 in 1983, has since climbed above 34,000. The table shows a 27% growth rate from 1984 to 1992. In the context of historical data, it is readily seen that this is recovery and not growth. The late 1970s exhibited un-sustainable employment levels in construction, and we lost 50% of those jobs in the early 1980s. We have gotten off that roller coaster and appear to be headed to more stable employment levels in the mid to high 30,000 range.

Deregulation has heavily impacted the transportation industry. The resulting competition appears to have created more jobs. However, it is quite difficult to separate its impact from the growing importance of Portland as a major transportation hub and of the I-5 and Columbia River transportation corridors. Local transportation, trucking, and air transport are projected to be the big gainers.

The breakup of AT&T combined with deregulation appears to have reduced the number of jobs in communications. However, several activities, such as sales and production of yellow pages, have been transferred to other industry categories. Consequently, what appears to be a decline is actually an increase in employment for communication.

The two major divisions of trade exhibit significantly different trends. Wholesale trade has been reasonably stable or has shown slow but steady growth. Retail trade, however, shows one trend on the surface and another one after further analysis. While employment increased by 1.4% from 1979 to 1985, workers averaged nearly one hour less per week. As a result, total hours worked in retail trade has declined 1.4% from its peak in 1979. Therefore, retail trade, while appearing to grow larger, has actually grown smaller.

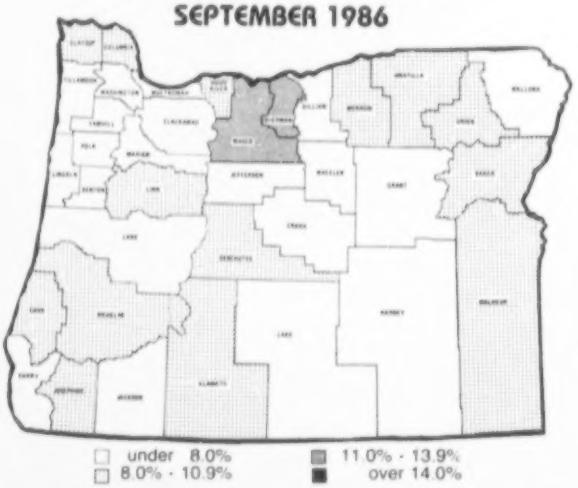
Divergent trends are also at work in finance, insurance, and real estate. The effects of technology have reined in employment in banking, while deregulation has fostered growth in other credit agencies. Growth for securities brokers and insurance carriers is expected to be above average from 1984 to 1992.

Employment growth in services is expected to continue strong into the future. However, underlying factors may reduce this apparent increase to a significant degree. We have noted the transfer of large groups of employees from communication to business services. What may be having even greater impact is the contracting out of various services by non-service industry employers, including the government. Janitors, clerks, and accountants who once were counted as manufacturing or other non-service industry workers are now increasing the count of service industry employment. These types of transfers could rightly be excluded from the concept of growth. Another factor is the suspected increase in part-time service workers which could have an impact similar to that in retail trade. Finally, production of computer software is found in business services. Whether such activities should be included in manufacturing, like publishing, is a matter of debate.

Government employment should continue to feel the effects of revenue restraint and reduction efforts. However, the reality of demographics will start to impact employment levels. The 'echo boom' children who are entering school should increase employment by about 6,000 in elementary and secondary schools. This represents more than a third of all projected new jobs in government between 1984 and 1992.

In conclusion, Oregon's economy should continue to provide more jobs at a moderate, steady rate. While employment increases, though, the more important consideration may be the qualitative aspects of these jobs. Also, it is not just the new jobs that are exhibiting changes in hours worked, rate of pay, stability, and security of employment. The impact, for instance, of lower wages in the lumber and wood products industry has yet to be seen. But whatever the future holds, one thing that will remain constant is change.□

STATE OF OREGON
Unemployment Rates by Area
SEPTEMBER 1986



EMPLOYERS CORNER—
JSEC SEMINARS FOR EMPLOYERS

Dorothy Monnier

Local Job Service Employer Committees have scheduled the following seminars for employers during November and December:

Topic: Legislative Update
Description: State JSEC legislative task force representative will discuss upcoming legislation on Unemployment Insurance and Workers' Compensation. Employment Division Administrator Ray Thorne will be the luncheon speaker.
Location: Monarch Hotel, Clackamas
Time: November 18, 1986 - 8:00 AM to 1:30 PM

Topic: Measuring Productivity
Description: OSU Productivity Center will discuss improving and measuring productivity. Employers will learn ways to boost quantity and quality of output, employee attitudes, supervising practices, adequacy of equipment, and much more.
Location: Chumaree Comfortel, Salem
Time: November 20, 1986 - 7:30 AM to 1:30 PM

Topic: Developing Personnel Policies & Employee Handbooks.
Description: Joe Brislin, Director of Special Services for the Timber Operators Council, will discuss the importance of good personnel policies, legal implications, and the guidelines for establishing policy and handbooks.
Location: Roseburg Country Club, 5051 Garden Valley Road
Time: December 2, 1986 - 8:00 AM to 1:30 PM

Topic: Buying Workers' Compensation
Description: Phil Dollar, Branch Manager for Employer's Unity, will discuss the Workers' Compensation Law, premium components, and securing coverage.
Location: Takeena Lodge, Albany
Time: December 4, 1986 - 8:00 AM to 12:00 Noon

For more information on these or other JSEC seminars please contact Dorothy Monnier at 378-4446 in Salem. □

NEW LABOR SURPLUS AREAS DESIGNATED

Each year the U.S. Department of Labor issues a list of areas throughout the country that have high unemployment rates. Employers located in these high unemployment, or "labor surplus", areas are potentially eligible for bidding preference on certain Federal procurement contracts. Normally, the new lists are issued by the Labor Department in September and are effective from October 1 through September 30.

This year, the Labor Department is extending the effective date of the October 1985-September 1986 list of labor surplus areas until further notice, while the Department completes implementation of the labor surplus area provisions of public law 99-272. The new law reduces the population criterion for labor surplus areas from 50,000 to 25,000. The FY 1987 labor surplus area list will be published when it is available in an upcoming issue of Oregon Labor Trends.

Employers interested in bidding on Federal contracts should consult the Commerce Business Daily which lists Federal contracting requirements and indicates those to be awarded under preference procedures. The Seattle Business Service Center of the General Services Administration can provide additional information concerning Federal contracting opportunities in Alaska, Idaho, Oregon, and Washington.

Contact: General Services Administration
442 Federal Bldg.
915 Second Avenue
Seattle WA 98174
Attn: Wiletta Brown
Ph. (206) 442-5556 □

OREGON LABOR TRENDS

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Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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